

02/01/2007

## INSTRUCTIONS & FREQUENTLY ASKED QUESTIONS

### Surplus Lines Licensure & Reporting

#### LICENSURE REQUIREMENTS:

- **Resident**
  - An individual or business entity must hold an Indiana property & casualty producer license before he/she can apply for a surplus lines license.
  - Resident applicants are required to take a test for Surplus Lines and submit the original passing score report with their application. Testing information is available through the Department's website at [www.in.gov/idoi](http://www.in.gov/idoi) by clicking on Producers and scrolling down to *Examination Fact Sheet*.
  - The individual must provide their property and casualty license at the test site in lieu of a pre-licensing certificate.
  - A resident business entity must identify at least one licensed surplus lines producer before the entity can be licensed for surplus lines. If more than one individual is named, each individual must be licensed in Indiana as a surplus lines producer.
  - Resident applicants must obtain and submit a surplus lines tax guarantee bond in the amount of \$20,000. The bond form is available on the Department's website at [www.in.gov/idoi/producers](http://www.in.gov/idoi/producers) at the very bottom of the page.
  - The initial application fee is (\$20) for resident producer/agency applicants.
- **Non-Resident**
  - A non-resident individual or business entity must hold an Indiana property & casualty producer license before he/she can apply for a surplus lines license.
  - A non-resident applicant may not apply for a surplus lines license in Indiana unless currently licensed for surplus lines authority in their home state.
  - A non-resident business entity must identify at least one licensed surplus lines producer before the entity can be licensed for surplus lines. If more than one individual is named, each individual must be licensed in Indiana as a surplus lines producer.
  - The initial application fee is (\$20) for non-resident producer/agency applicants.

#### INITIAL LICENSURE PROCEDURES

- **Electronic**
  - As of September 2006, applicants may apply for a surplus lines license electronically through the SIRCON website which is available at [www.sircon.com/indiana](http://www.sircon.com/indiana), additional fees may apply.
  - Resident surplus lines applicants must submit a tax guarantee bond in the amount of \$20,000 and the surplus lines exam score report. These required items must be sent via mail.
  - If one or more of the background questions is answered "YES", additional documentation is required, please mail to:

Indiana Department of Insurance  
Surplus Lines Coordinator  
311 W. Washington Street, Suite 300  
Indianapolis, IN 46204-2787  
Phone: (317) 233-9998

Fax: (317) 232-5252  
Email: [dfuller@doi.state.in.us](mailto:dfuller@doi.state.in.us)

- **Hardcopy/Paper**

- The applicant may choose to submit the surplus lines application in hardcopy rather than electronically through SIRCON.
- Applicants must provide the following before obtaining a surplus lines license:
  - A completed, originally signed and dated application. The application is available on the Department's website at <http://www.in.gov/doi/producers/> under "Applications - Surplus Lines Agent/Broker."
  - If your state participates in the NAIC's producer database, a certification letter is not required.
  - Resident surplus lines applicants must submit a tax guarantee bond, in the amount of twenty thousand dollars (\$20,000).
  - License fee of twenty dollars (\$20), made payable to the Indiana Department of Insurance.
  - Resident surplus lines applicants must include an original passing 'Score Report'. Information addressing how to obtain the 'Score Report' may be obtained from the 'Examinations Fact Sheet' which is available on the Department's website at [www.in.gov/doi](http://www.in.gov/doi) by clicking on Producers and scrolling down to *Examination Fact Sheet*.
  - Provide a signed "Affidavit Regarding Monthly Affidavits & Semi-Annual Tax Filings". The form is available on the Department's website at <http://www.in.gov/doi/producers/> under "Applications - Surplus Lines Agent/Broker."
- Please send the application with attachments to the address listed above.
- A (\$10) fee will be charged for a duplicate license upon written request.
- Once the surplus lines license has been issued, surplus lines producers are required to submit filings on a monthly, semi-annual and annual basis. (Please review the instructions for "REPORTING")

**RENEWAL PROCEDURES:** Renewal notices will be mailed to all surplus lines producers toward the end of October. Once the renewal notice has been received, surplus lines producers may renew their licenses electronically or submit a hardcopy of the application and attachments to the Department.

- **Electronic**

- All surplus lines licenses expire on December 31<sup>st</sup> of each year.
- Surplus lines producers may renew their licenses electronically through the SIRCON website available at [www.sircon.com/indiana](http://www.sircon.com/indiana), additional fees may apply.
- Resident surplus lines producers must submit a tax guarantee bond or a continuation certificate with their annual statement filing(s) no later than March 31 of each renewal year.
- If one or more of the background questions is answered "YES" since the last renewal date, additional documentation is required, please mail to:

Indiana Department of Insurance  
Surplus Lines Coordinator  
311 W. Washington Street, Suite 300  
Indianapolis, IN 46204-2787  
Phone: (317) 233-9998

Fax: (317) 232-5252  
Email: [dfuller@doi.state.in.us](mailto:dfuller@doi.state.in.us)

- **Hardcopy/Paper**

- All surplus lines licenses expire on December 31<sup>st</sup> of each year.
- The Department suggests that you submit your application for renewal and the required attachments between October 31 and December 1 for processing, which allows ample time for processing prior to the expiration.
- The renewal license fee (\$20) is to be submitted with the surplus lines renewal application and other attachments to the Department's address listed above.
- There are no CE Requirements for Surplus Lines, please disregard the CE portion of the renewal form.
- Licenses must be renewed annually by completing a new application and the following:
  - If your state participates in the NAIC's producer database, a certification letter is not required.
  - License fee of twenty dollars (\$20) is to be submitted with the surplus lines renewal application and other attachments to the Department's address listed above.
  - Do not submit the renewal notice and renewal fee to the lockbox.
  - Resident surplus lines producers must submit a tax guarantee bond or a continuation certificate with their annual statement filing(s) no later than March 31 of each renewal year.
  - If one or more of the background questions is answered "YES" since the last renewal date, and additional documentation is required, please mail to the surplus lines coordinator at the contact information listed above.

**REPORTING:** All filings should be submitted to the Surplus Lines Coordinator. The required forms are available on the Department's website at <http://www.in.gov/idoi/producers/> under "Applications - Surplus Lines Agent/Broker."

- **Monthly Reporting** – The Monthly Report Affidavit and Monthly Report Excel Spreadsheet must be attached and submitted by the 20<sup>th</sup> of each month indicating the surplus lines premium written.
  - **Surplus lines producers are no longer required to submit monthly reports and affidavits if no business is written for that particular month.**
  - Monthly reports should be submitted on the form provided on the Department's website at (<http://www.in.gov/idoi/producers/>) or using the same format on an Excel spreadsheet.
  - The amounts reported on the monthly reports should be for gross premiums (which include agency fees, policy fees, etc.) written during the given month.
  - The monthly report must be grouped and sub-totaled by the name of the company business was placed with.
  - The monthly report must provide a total of gross premiums written and premiums returned.
  - The monthly report must provide a grand total of premiums written subtracting premiums returned.
  - Enter the full company name, not the group name, and provide the company's NAIC number.
  - The monthly report must reflect per policy written, 3 refusals of coverage from admitted companies.
  - The business written must be with authorized surplus lines companies. A listing of authorized companies is available through the Department's website at [www.in.gov/idoi](http://www.in.gov/idoi) by clicking on the Insurers box to your left and then clicking on the Companies box to

your right. Please scroll down to *Surplus Lines Companies*. The listing of authorized companies is also available at <http://www.in.gov/cgi-bin/idoi/ssDisplay-2.pl?file=SurplusLines&letter=a> . If the company is not authorized, the Department will send a letter to the producer indicating so.

- Policy binders or declaration pages are not required to be submitted to the department with the monthly report and affidavit.
  - Reports filed by the twentieth are for the prior months' business (e.g. January 2007 report would be filed by February 20, 2007).
  - If a revision is made, it must be filed with the Department. The document should be clearly marked "revised" and must be submitted with signatures. The revision should be submitted with a cover letter explaining the revision. The revised monthly report must also be accompanied by a revised affidavit with signatures.
- **Semi-annual Tax Reporting** – Indiana's surplus lines premium tax rate is 2.5% of gross premiums. Surplus lines premium tax is payable semi-annually on or before February 1<sup>st</sup> and August 1<sup>st</sup>. **POSTMARK DATES ARE NOT ACCEPTABLE.** If the surplus lines tax payment is not received by the appropriate deadline, a ten percent (10%) penalty will be assessed on any amounts received after the first of the month. In the event the first falls on the weekend, the tax is due on the preceding workday.
    - **Semi-annual tax reports are required even if no business has been written for the past six months.**
    - Premium amounts reported on the tax report should agree with the amounts reported on the monthly reports for the given period. If different, amended reports and affidavits should be submitted for those months being corrected with the tax filing.
    - To calculate the surplus lines taxes due, please multiply the total premiums by (0.025) to calculate the total amount of surplus lines tax due to Indiana.
    - The surplus lines tax due from January through June must be received in our office on or before August 1<sup>st</sup>.
    - The surplus lines tax due from July through December must be received in our office on or before February 1<sup>st</sup>.
    - The tax payment is due with the completed tax report by the appropriate deadline.
    - If a revision must be filed, the document should be clearly marked "revised" and must be submitted with original signatures. The revision should be submitted with a cover letter explaining the revision and any additional taxes and/or penalties should be remitted.
    - The semi-annual tax report must list the tax preparer's information for inquiry purposes.
  - **Annual Reporting** – In accordance with Indiana Code 27-1-15.8-4(3), surplus lines producers are required to file the surplus lines company's annual statement and actuarial opinion by March 31<sup>st</sup> for evaluation as to whether the company will be authorized as a surplus lines carrier.
  - Resident surplus lines producers must file the tax guarantee bond renewal form or continuation certification no later than March 31<sup>st</sup> of each renewal year.